

CITY OF TACOMA
AFFORDABLE HOUSING POLICY ADVISORY GROUP

October 13, 2011

Deputy Mayor Lauren Walker
Council Members of the Neighborhood & Housing Committee

re: Affordable Housing Policy Advisory Group

Dear Deputy Mayor Walker and Committee Councilmembers:

We are pleased to report on the results of the summer's consultations between the Affordable Housing Policy Advisory Group and senior city staff. You may remember that in July we asked to meet directly with city staff about our group's recommendations that we made in our report of December 3, 2010. We did so for two main reasons: to answer any questions that city staff may have about our recommendations; to ask staff to suggest changes that might make a recommendation more feasible. We are pleased to report that the meetings were successful on both counts.

After an initial planning meeting on July 21st between the Group and city staff, we had five working meetings through August and September, ending on September 29th. We credit the success of these meetings to the city staff, led by Interim Deputy City Manager Tansy Hayward, and their willingness to lend their considerable expertise and experience to the effort to make our recommendations feasible. We are grateful for that.

In summary, the group has agreed to modify two of its recommendations, No. 3.2.6 on public-private partnership and No. 3.4.1 concerning the Miller Amendment. Including those changes, the group retained its strong consensus support of its recommendations.

We know that the Neighborhood & Housing Committee has been ready to review those recommendations. We also know that our summer consultations delayed its schedule for doing so. We appreciate the Committee's patience. We think the extra time was worthwhile and may save time later. We look forward to working with the Committee as its resumes its review.

As a summary of the summer's consultations we attach a one page outline entitled "AHPG Recommendations Reviewed Through September 9th." City staff prepared this. It gives a useful overview of the discussions on each of the recommendations. As you can see, it refers to a 4-part work program the city staff devised for the city's consideration of the recommendations. We attach that work program as well. City staff will be better equipped than we to explain it.

As the attached outline shows, the group agreed to modify two of its recommendations:

- **No. 3.2.6: Framework for Public-Private Partnerships**

We amended our recommendation No. 3.2.6 on public-private partnerships. We mean our changes to make the recommendation clearer. It now reads as follows, in full:

On occasion, the City becomes a partner in a private development project, either residential projects or commercial projects with some nexus to housing. Its contribution can be cash, a parking structure, land, or other significant contribution. However, codified development incentives such as density bonus's, and fee waivers would not count as contributions for this purpose.

When the City contributes in these ways to a project, the City should seek to condition its contribution, if feasible for the project, on the project's inclusion of affordable housing element. The affordable housing element can take the form of affordable housing on site, at another location or an equivalent cash contribution to the City's Housing Trust Fund. See Section 3.2 of Report.

The City must make this feasibility assessment as part of its negotiations with the developer. The goal of the negotiations is to determine an affordable housing element that does not adversely affect the original goals of the development project or its feasibility. The City policy should direct the assessment to initially assume an affordable housing element that resembles the inclusionary requirements of the proposals in 3.2.1, 3.2.2, 3.2.3 and 3.2.4. The assessment however must be made "deal by deal" and allow for the possible final determination that a project can afford a higher affordable housing element or none. In any case, the City and the developer must determine if the final affordable housing element justifies the City's grant and the developer's receipt of the City's contribution.

To allow for these negotiations, the City should use staff with the financial and development expertise necessary to make these feasibility determinations. For this purpose, the TCRA, as the City's banking committee" should be closely involved. The final agreement should take the form of a development agreement that the City Council would approve.

AHPAG Recommendations Reviewed Through September 29th

The following list of AHPAG recommendations is organized based on the conversations of the AHPAG and City of Tacoma during joint meetings.

Recommendations in 4-part work program (attached as Appendix 1)

- Comprehensive Plan policy: 3.1
- Incentives bonus or inclusionary programs: 3.2.1, 3.3
- Rezones: 3.2.2, 3.2.3* (discussion that the intent of the recommendation is to avoid developers asking the City to initiate a rezone which skips the process in 3.2.2)
- Infill Development: 3.2.4, 3.2.5, 3.5.2, 3.5.2, 3.5.3*(intent is to facilitate small lot development, not just off the shelf designs), 3.5.4, 3.5.5, 3.7.1* (continue current efforts), 3.8.1, 3.8.2 Higher Review Threshold* (continue current efforts)

Policies revised by AHPAG Panel (*will be attached as Appendix 2*)

- 3.4.1 Miller Amendment
- 3.2.6 Public Private Partnerships

Clarification of the recommendation and intent, but no rewrite proposed by group

- 3.2.7 Transfer of Development Rights: AHPAG suggested that the City continue with its current efforts
- 3.4.2 Local Housing Trust Fund: Based on N&H Committee discussion, AHPAG suggested to keep this item on the Council's agenda for future policy discussions
- 3.4.3 Contingent Loan Fund: Based on N&H Committee discussion, AHPAG suggested that a group be formed to further evaluate the recommendation
- 3.4.4 Tax Increment Financing: AHPAG suggested that the City continue with its current efforts
- 3.5.5 Rooming House Design: AHPAG suggested that the City continue with its current efforts
- 3.6.1 Preservation, Acquisition, Conversion, and Rehabilitation of Existing Homes: track the contracts that are expiring and send form letter asking about the continued availability of affordable housing at the location, share information with interested parties
- 3.6.2 Voluntary Housing Incentive Program for Rehabilitation: look at the trigger for bringing the property to current code standards, standards beyond safety, payment schedule of fines, and ability to offer the same incentives as new construction. The group determined that any standards for affordable housing should not result in a lower quality of housing.
- 3.6.4 Encourage Land Trust and Participate Financially: "Encouraging" described as participating on the governing board of a land trust, founding a land trust, operating the land trust, or charging the land trust an administrative fee for administrative support

No change or significant variation discussed

- 3.6.3 Code Enforcement
- 3.6.5 Transferring Surplus Properties

*Clarification did occur during the conversation, but a rewrite was not proposed

Affordable Housing Planning Work Program
September 28, 2011
(Based on the recommendations from the AHPAG)

Task 1 “Comp Plan Policy”: Recommendation 3.1 City Policy and Leadership
Scope: Incorporate principles and acknowledgements in the City’s Comprehensive Plan
Tentative Schedule: 2012 Comp Plan Amendment

Task 2 “Incentive, Bonus, and Inclusionary Programs”: Recommendations 3.2.1, 3.3
Housing Incentive/bonus or Inclusionary Programs
Scope: The City will examine existing housing incentives/bonuses for improvements and geographical expansion as well as explore new and innovative city-wide incentives/bonuses for non-profit and for-profit housing
Tentative Schedule: Initiate 2012 with potential revisions occurring 2013 Comp Plan Amendment

Task 3 “Rezoning”: Recommendations 3.2.2 Inclusionary Requirements for Voluntary Residential Rezoning and 3.2.3 Limited Mandatory Affordable Housing Bonus Program for City Initiated Upzones
Scope: The City will explore approaches to including inclusionary requirements in its voluntary residential rezoning process and requirements in City upzones that are initiated by the private sector
Tentative Schedule: Initiate 2012 with potential revisions occurring 2013 Comp Plan Amendment

Task 4 “Affordable Housing Infill Development”: Recommendations 3.2.4, 3.2.5, 3.5.1, 3.5.2, 3.5.3, 3.5.4, 3.5.5
Scope: The City will examine existing residential infill development policies and standards for improvement and explore new and innovative approaches to residential infill development in residential zones within the City.
Tentative Schedule: Initiate 2012 with potential revisions occurring 2014 Comp Plan Amendment

- **No. 3.4.1: Central Downtown Mixed Income Housing Plan (Repeal the Miller Amendment)**

We agreed upon two changes to recommendation No. 3.4.1, which would have the City repeal the Miller Amendment and replace it with a “Downtown Mixed Income Housing Plan.”

The **first** change concerns its title. We understand that the city has included in its comprehensive plan a greatly expanded definition of “downtown.” This expanded definition now extends up the hill to MLK Avenue. This new downtown is much broader than the area the group proposes for its Miller Amendment replacement policy. The group would have its replacement policy reach beyond the old “B zone” of the Miller Amendment to an area from the waterfront to Tacoma Avenue and from 6th Avenue to 25th. The group is opposed to extending its replacement policy further to the city’s new expanded downtown. For that reason, we need a new name for our replacement policy to denote that it is smaller than the city’s new “downtown.” We agreed to refer to our new policy as the “Central Downtown Mixed-Income Housing Plan.” (emphasis added.)

The **second** change pertained to efforts the city should make to promote good management and good neighbor practices among developments receiving money through TCRA. The group agreed to add the following language to that part of its recommendation 3.4.1 pertaining to good neighbor agreements. (See section 3.2, page 31 of our report):

In the TCRA application, strengthen the criteria (such as Pg 12 General Priority 4: “Applicant must demonstrate collaboration and cooperation with the community residents and other community organizations that will improve service delivery and/or cost effectiveness,” require information on the applicants community outreach and document outlining how they will be a good neighbor and cooperate with the community based on their outreach), state in application the City’s current code enforcement and provisional licensing process and provide more information on crime free requirement, and provide information on penalties (fines through code enforcement, not receiving future funding, etc.)

Please note that the group, by this amendment, intends **no** modification of its recommendation No. 3.1 that the city adopt several principles and acknowledgements, including No. 2, which reads:

Affordable housing developments by nonprofit developers, public and private, in the City, region and nation have been among the most

attractively designed, most environmentally innovative and best managed
in the market place.

We are gratified that the City Council, by resolution No. 38264, adopted this and the other principles and acknowledgements we recommended and directed their incorporation into the city's planning documents. We understand this as a city vote of confidence in the affordable housing development community. Indeed, we note the commonly held and informed view that if there are management problems within the city's housing portfolio it is among the unsubsidized privately managed properties. They, however, are beyond the reach of our report and recommendations.

We hope this helps the Neighborhood & Housing Committee in its further review of our recommendations. The group remains ready to help in any further way you may direct.

Thank you.

AFFORDABLE HOUSING POLICY ADVISORY GROUP

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